

Lianhe Global has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to Feicheng City Urban Investment Holding Group Co., Ltd.'s proposed senior unsecured bonds

HONG KONG, 23 November 2023 – Lianhe Ratings Global Limited (“Lianhe Global”), an international credit rating company, has assigned ‘BBB’ global scale Long-term Issuance Credit Rating to the senior unsecured bonds (“the Bonds”) to be issued by Feicheng City Urban Investment Holding Group Co., Ltd. (“FCUI”; ‘BBB/Stable’).

FCUI intends to use the net proceeds from this offering for project construction and supplement of working capital.

Key Rating Rationales

The Bonds are rated at the same level as FCUI’s global scale Long-term Issuer Credit Rating of ‘BBB’ as the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of FCUI. The payment obligations of FCUI under the Bonds shall at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Issuer Credit Rating reflects a high possibility that the People’s Government of Feicheng district (“the Feicheng government”) would provide very strong support to FCUI if needed. This mainly considers the Feicheng government’s full ownership of FCUI, FCUI’s strategic importance as an important local investment and development company (“LIDC”) responsible city development and operation in Feicheng, the strong linkage between the Feicheng government and FCUI. In addition, the Feicheng government may face significant negative impact on its reputation and financing activities if FCUI encounters any operational and financial difficulties.

The Stable Outlook reflects our expectation that FCUI’s strategic importance would remain intact while the Feicheng government will continue to ensure FCUI’s stable operation.

Rating Sensitivities

Any rating action on FCUI’s rating would result in a similar rating action on the Bonds.

We would consider downgrading FCUI’s rating if (1) there is perceived weakening in support from the local government, particularly due to its reduced strategic importance with diminished government functions, or (2) there is a significant reduction of the local government’s ownership of FCUI, or (3) there is a downgrade in our internal credit assessment on the local government.

We would consider upgrading FCUI’s rating if there is an upgrade in our internal credit assessment on the local government.

About Lianhe Global

Lianhe Global is an international credit rating company that provides credit ratings to corporations, banks, non-bank financial institutions, local investment and development companies, and other asset classes around the globe. Lianhe Global also provides credit risk research and other services related to credit ratings.

Rating Methodology

The principal methodology used in this FCUI's rating is Lianhe Global's China Local Investment and Development Companies Criteria published on 5 December 2022, which can be found at the website www.lhratingsglobal.com.

Note: The above Issuer/Issuance Credit Ratings are solicited at the request of the rated entity or a related third party.

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